



Marret Enhanced Government Bond Fund

Class F, CAD | Monthly Commentary | February 2020

Date of Inception January 14, 2019

Fundamental/Technical Outlook

Performance	As at Feb 29, 2020
Since Inception	7.90%
MTD	1.20%
YTD	3.55%
1 YR	8.72%
3 YR	NA
5 YR	NA

Improving economic data was irrelevant even before it printed, as the market's attention was solely on the continued spread of COVID-19 to countries beyond China including Japan, South Korea, Iran and Italy. As conditions in China improved, other countries grappled with determining the appropriate response to their worsening situations. Beyond supporting frontline healthcare professionals, fiscal and monetary policy tools were implemented in Euro-Asia and expectations of a coordinated global response including aggressive easing by the Federal Reserve increased.

Source: Marret Asset Management Inc., February 29, 2020

Ten-year U.S. Treasuries broke the lower-bound of their range finishing close to 1% as U.S. equity markets declined by more than 15% from their highs. Last month, we shifted our duration exposure to the 5-year part of the curve as we thought the risk-reward was better and we wanted to maintain optionality to "insurance" cuts from the Federal Reserve. This shift benefited the portfolio as yields on 5-yr U.S. Treasuries rallied more than the long-end of the curve. In addition, our low exposure to credit markets meant that the fund exhibited negative correlation to risk markets during this risk-off episode. If the risk-off environment persists, we would expect opportunities to tactically add high-quality credits with business models that don't have meaningful exposure to the outbreak. Over the medium term, investors will continue to have a need for high-quality carry, particularly, if interest rates stay at these low levels for a prolonged period of time.

Fund Positioning

Overall duration: Below benchmark
 Cross-currency: Neutral U.S. vs Canada
 Maturity: Overweight 5-yr. and 10-yr. vs 30-yr.

Key Transactions

None.

Sources: Marret Asset Management Inc., Bloomberg Finance L.P., FTSE Russell.

Fund Performance % | Class F, CAD

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2020	2.33%	1.20%											3.55%

Source: Marret Asset Management Inc., February 29, 2020



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The indicated rates of return are the historical annual compound total returns net of fees (except for figures of one year or less, which are simple total returns) including changes in security value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns.

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